

# Summary Annual Report 1999



We want to be the people who  
make banking work as it never  
has before.

Let us tell you how...



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# Financial highlights

## Bank of America Corporation and Subsidiaries

(Dollars in millions, except per share information)

		1999	1998
<b>For the year</b>	Net income	\$ 8,240	\$ 6,490
<i>Operating results <sup>(1)</sup></i>	Earnings per common share	4.77	3.73
	Diluted earnings per common share	4.68	3.64
	Dividends paid per common share	1.85	1.59
	Return on average assets	1.34%	1.11%
	Return on average common shareholders' equity	17.70	14.54
	Efficiency ratio	55.30	61.15
	Average common shares issued and outstanding (in millions)	1,726	1,732
<b>For the year</b>	Earnings per common share	\$ 5.28	\$ 4.25
<i>Cash basis</i>	Diluted earnings per common share	5.19	4.15
<i>Financial data <sup>(1)(2)</sup></i>	Return on average tangible assets	1.52%	1.30%
	Return on average tangible common shareholders' equity	28.46	25.24
	Efficiency ratio	52.57	58.20
<b>At year end</b>	Total assets	\$632,574	\$617,679
	Total loans and leases	370,662	357,328
	Total deposits	347,273	357,260
	Total shareholders' equity	44,432	45,938
	Common shareholders' equity	44,355	45,866
	Book value per common share	26.44	26.60
	Market price per share of common stock	50.19	60.13
	Common shares issued and outstanding (in millions)	1,677	1,724

(1) Excludes merger-related charges.

(2) Cash basis calculations exclude goodwill and other intangible assets and the related amortization expense.

# Building Bank of America



Hugh L. McColl Jr.  
Chairman and Chief Executive Officer

## To Our Shareholders:

One year ago on these pages I wrote that, while the creation of our new company was the culmination of an aggressive growth strategy, making the pieces of Bank of America work in ways that create value for customers, clients and shareholders would be an even more challenging task.

In 1999, the 160,000 associates that make up your company attacked this challenge with creativity, enthusiasm and confidence.

- Together, we made significant progress on the largest and most complex merger transition ever attempted in the financial services industry.
- At the same time, associates across the company continued to implement a strategy focused on expanding customer and client relationships.
- We produced more than \$8 billion in operating earnings, almost \$2 billion or 27 percent, more than in 1998.
- Finally, our associates' efforts allowed Bank of America to make a bigger difference in our communities than ever before.

These achievements, however, were not rewarded by investors. In fact, our stock price fell significantly during the year. While it is true that the average bank stock

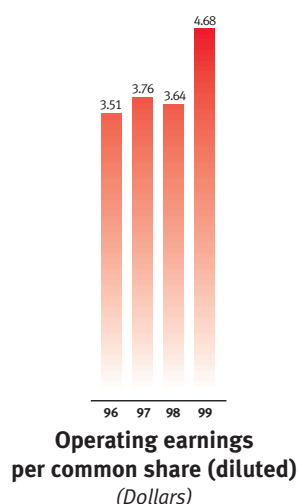
Our vision: Make banking work for customers, clients, shareholders and communities as it never has before.

fell just as substantially, our management team has no illusions. We have something to prove to the investment community. We have the best franchise and, I believe, the right strategy.

During 1999, we set or reiterated long-term financial performance targets, signaling our intention to produce premium earnings growth and profitability from the unmatched franchise we've assembled. Our job is straightforward: execute the strategy and march steadily toward these financial goals. If we can do that, the stock price should follow.

Having built a leadership position in the country's strongest growth markets and a customer and client base that is the envy of the industry, we are now deploying our people, technology, multiple-channel delivery network and broad product and service offerings to deliver the comprehensive, convenient and efficient banking experience our customers and clients demand.

This is the unmatched opportunity we have. We intend to seize it.



### Putting the pieces together.

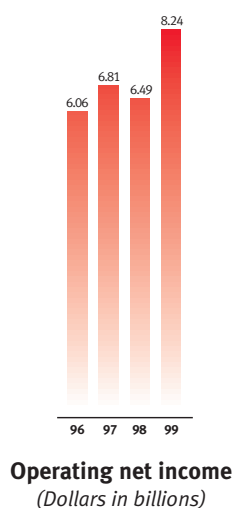
We began 1999 facing the task of merging two of the world's largest banking companies. The merger transition includes three major components: branding, products and systems, and people.

Converting to our new brand — installing the look and logo in all our markets that represent our company and what we stand for to customers and associates — was, and is, a top priority. The brand conversion, one of the largest-ever corporate identity conversions, has gone smoothly to date, and our new look has been met with enthusiasm across the franchise.

During 1999, we converted most of our franchise, including 19 states and the District of Columbia and nine major lines of business. Florida and California are scheduled to convert to the new brand this year. By the middle of 2000, we will be doing business in every market coast-to-coast as one company, with one look, one name and one promise to our customers and clients to make banking work as never before.

Our systems conversions have gone just as smoothly, resulting in no adverse customer reaction. We completed the installation of the Model Bank — our technology, sales and service system that provides consistency and efficiency across our retail franchise — in Texas, New Mexico, Arizona and Nevada over the summer. California and the Northwest are next on the agenda.

Making the signs look the same and enabling the systems to talk to one another are, to be sure, huge challenges in any transition. Rallying 160,000 people around a common vision and strategy, however, is even more critical. Here, too, our efforts have been successful and are ongoing. At a meeting of our senior leaders in September, we outlined our corporate strategy.



### A clearly defined strategy.

The strategy we adopted for our company is clear and straightforward. We are integrating our businesses to make broad customer relationships easy and convenient for customers and profitable for the bank. We are rewarding broad customer relationships with enhanced products and services. And, we are aligning our resources — financial and intellectual — with opportunities to generate revenue and create customer solutions.

This is not a product strategy, a single business line strategy or a channel strategy. It is a customer-focused relationship strategy that will guide our entire company in all we do.

You can read more about how this strategy is being brought to life for each of our primary customer and client groups later in this report. But, the bottom line is this: We've spent the past 20 years building the largest footprint, the strongest market share and the best customer and client base in America. Our job now is to give 30 million customer households and 2 million business clients good reasons to bring us more of their business.

By integrating our businesses, we will take the burden of aggregating our products and services off our customers' and clients' backs and put it back where it belongs: on our own. For years, banks have asked customers for more of their business. Customers, however, have been required to do the hard work of obtaining and managing each product or service separately.

We've been working to integrate our businesses for our commercial and corporate clients over the past five years by appointing client managers to coordinate the delivery of multiple products and services to individual clients. Today, networking technology is enabling us to aggregate information for clients and associates by building bridges within our infrastructure, making it easier to understand and manage the full breadth of our relationships.

This same networking technology also will enable our retail and small business customers to manage their relationships with us as one company. Personal bankers and small business bankers, too, are gaining the ability to work with customers within the context of the customer's full relationship with the bank.

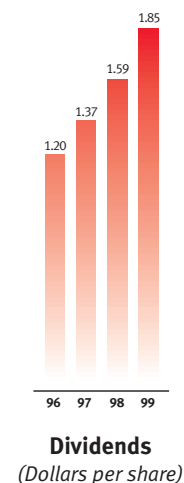
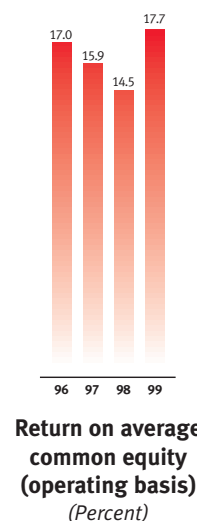
Integration of our businesses makes the second point in our strategy possible: rewarding customers and clients for doing more business with us. This part of our strategy may take many forms, from package pricing to enhanced service options to simply letting customers know that we appreciate their decision to give us their business. The point is, if we're asking customers and clients to bring us more of their business, we should be willing to reward them when they do.

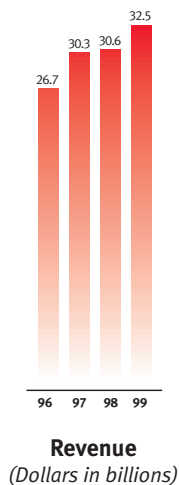
The third part of our strategy is about setting priorities. In a fast-changing competitive environment, we have to look hard and often at how we are deploying our resources. We are ensuring that the businesses, products and projects in which we are investing make sense within the context of our relationship strategy and are creating value for customers, clients and shareholders. Making tough decisions based on these criteria will bring focus and vigor to our efforts across the company.

### Strong financial performance and new financial targets.

Looking at our business and financial accomplishments in 1999, the year was something of an enigma. We produced a significant increase in earnings, fulfilling the guidance we provided Wall Street in January, and continued to make good progress on our merger transition and business strategy. Yet, our stock went down.

In 1999, your company had operating earnings of \$8.2 billion, a 27 percent increase over 1998, on record revenues of \$32.5 billion. We achieved this improvement through favorable operating leverage. That is, we increased revenues by 6 percent through healthy advances in such fee-based businesses as investment banking, deposit services, card services and mortgage banking. At the same time, we reduced expenses by 4 percent, primarily as a result of our successful consolidation efforts in the wake of recent mergers. Our credit losses declined by almost \$500 million, allowing us to lower provision expense.





These results represent significant progress, but we aren't standing still.

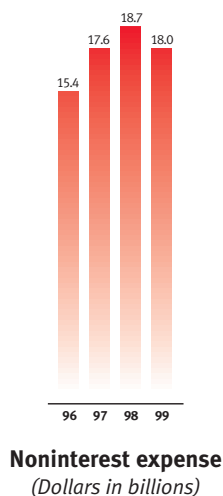
We are continuing to look closely at each of our business units to determine where we stand to generate the best returns going forward. Our funding decisions will reflect an honest assessment of current and potential profitability and how a given business contributes to the company's overall relationship strategy. The point for our line executives is clear. Our expectations are aggressive. And the bar has been raised.

Your company made great strides in 1999 in managing its risk and capital. We took several steps, including consolidating a number of offshore trading platforms, to reduce the risk on our balance sheet, with a goal of producing a more consistent earnings stream in the future. We also made greater-than-expected progress on our aggressive share buyback program. Through the end of 1999, we had purchased 78 million shares as part of a 130 million share buyback program announced in June.

We believe our customer-focused strategy, combined with a vigorous approach to internal funding and risk and capital management, will enable us to deliver significantly enhanced financial performance in the future, as reflected in the new financial goals for our company. We moved our goal for return on equity to 20 to 24 percent from 17 to 21 percent and our goal for annual earnings-per-share growth of 12 to 15 percent was reaffirmed. We also introduced a goal of 7 to 9 percent annual revenue increases, signaling to the market that we intend to pursue a growth strategy.

All this said, our stock price continues to underperform. We believe there are several reasons. First, the entire banking industry is experiencing pressure on earnings created primarily by tightening interest-rate spreads. Second, weak earnings reported by several competitors in the past year have led some on Wall Street to speculate that we may be next in line. And finally, the markets continue to be skeptical about our ability to produce earnings gains from our merger.

While the first reason is out of our hands — and it stands to reason that all financial stocks will remain under pressure as long as there is concern about inflation and higher interest rates — we believe the second two reasons are unfounded. As I said above, execution is the key, but we are convinced the initiatives now in place will pay off in greater shareholder value going forward.



### Keeping our promises.

When we created the new Bank of America in 1998, we made a promise to all our communities that we would work hard to build stronger cities, towns and neighborhoods in all the markets where we do business. I am pleased to report that we have kept this promise and that we continue to build on it.

First and foremost, we are on track to meet our goals in our 10-year, \$350 billion commitment to lending and investing in low- and moderate-income communities. This program has benefited countless communities across our franchise.

At a stop in East St. Louis on President Clinton's "New Markets Tour" in July, Cathy Bessant, president of our Community Development Banking Group, announced that we will invest \$500 million in inner-city neighborhoods through the new Bank of America Catalyst Fund. Acting on our conviction that poverty-stricken American neighborhoods should get first crack at American investment dollars, the fund will help rebuild our cities by investing in local businesses that are fundamental to urban growth.

We also continued to champion downtown revitalization with an investment commitment of \$100 million for the Howard Street corridor in West Baltimore. These and many other projects reflect our conviction that building strong communities is good business.

### Looking ahead.

At our meeting last fall, I told our senior leaders that my vision for this company is simple and clear. We will be the best place to work, do business and invest, and we will be the company that matters the most to our communities and our country. As we enter a new century, I am pleased that we are working together to turn this vision into reality. The future of your company is taking shape, and it's a bright one.

One of the key decisions we made to provide for the future leadership of your company was the election of Vice Chairman Jim Hance and President Ken Lewis to your board of directors. In addition, Ken was named by the board to the newly created post of chief operating officer. In this role, Ken has responsibility for running the day-to-day business of your company. To that end, he will chair a new operating committee, whose members are listed below, that brings together top leaders from all corners of our company. We believe this organization will enhance communication, the timeliness of decision making and our ability to push policies and strategies down through the company quickly.

I welcome both Jim and Ken to the board, and congratulate them on their new responsibilities. These two individuals give me great confidence in our company's future.

I also would like to thank the members of our board for their service and counsel during a year of great change. You all have my sincere gratitude. In closing, as always, I welcome your thoughts and suggestions.



Hugh L. McColl Jr.  
Chairman and Chief Executive Officer

## Operating Committee

**J. Steele Alphin**  
Personnel

**Catherine P. Bessant**  
Community Development Banking  
Consumer Real Estate

**Amy W. Brinkley**  
Consumer Products

**Edward J. Brown III**  
Global Capital Raising and Global Markets

**Barbara J. Desoer**  
Marketing

**James D. Dixon**  
Technology & Operations

**Lynn E. Drury**  
Corporate Affairs

**James H. Hance Jr.**  
Chief Financial Officer

**Milton H. Jones Jr.**  
Technology Solutions

**Kenneth D. Lewis**  
Chief Operating Officer

**Carter McClelland**  
Corporate & Investment Banking

**Michael J. Murray**  
Global Corporate & Investment Banking

**Marc D. Oken**  
Finance

**Daniel P. Riley**  
Global Treasury

**Owen G. (Bob) Shell Jr.**  
Asset Management

**R.E. (Gene) Taylor**  
Consumer & Commercial Banking

**F. William Vandiver Jr.**  
Risk Management

**Charles Williams**  
Corporate Risk Evaluation

**'I want to do business with a bank that really understands my needs and responds with a broad range of financial services.'**



## **Consumer banking**

Bank of America provides comprehensive financial services for 30 million households through approximately 4,500 banking centers, 14,000 automated teller machines, and personal computer and telephone networks. Banking centers and ATMs are located principally throughout the company's retail franchise of 21 states coast to coast and the District of Columbia.

Nancy and Ron Barwig  
family of Alpharetta, Georgia

# We're tha

For some time we have been asking customers how we can improve our company to earn a greater share of their business. Last year alone we surveyed and interviewed 718,000 customers. Over the years, one theme has been loud and clear:

*Know me. Understand me. Recognize the business I do with you no matter how I choose to contact you. Act like one company.*

The customer desire that we better understand them and act like one company is in response to many factors. For example, people consider the business they do with us to be one relationship, but it is not always easy for us to respond that way. Our historical development, regulations and other factors led us to function more like a collection of companies than an integrated business.

When a customer contacted one of our businesses — our mortgage company, for example — our representative would know all about the mortgage relationship but not about the customer's accounts with all other bank units. As a result, customers sometimes thought we did not fully appreciate their business, even when it was substantial.

Our new growth strategy is designed to eliminate this obstacle, give our customers additional service options they want and thus enable us to earn a greater share of their financial business. When our strategy for achieving new growth first began taking shape, Hugh McColl described it this way: "We will make this bank work for customers in ways it never has before."

Ken Lewis, president and chief operating officer, added: "We will not run our subsidiaries as product companies but as pieces of a relationship."

This section describes how we are executing the strategy for our consumer customers. On the pages that follow you can see how the strategy works for our corporate and commercial clients and our small business customers.

**First, we are integrating our lines of business. This means bringing them closer together the way our customers want. We believe this integration will help us build stronger and more profitable relationships and increase shareholder value.**

We have many initiatives under way to improve our ability to profitably expand relationships. These initiatives make customers feel welcome and appreciated and demonstrate that we are working hard to really know and understand them.

Amy Brinkley, Consumer Products executive for Bank of America, notes that the company's individual business units, including Mortgage and Card Services, "are strong and valuable. Increasingly, customers will be coming to us because of the skill of these businesses and because, as a company, we can do it all. So integration is one way we can make these businesses work better for our clients and customers.

"Integration, however, does not mean combining businesses," she adds. "We will always need to maintain clearly defined centers of expertise. But we will not allow the walls between them to get



In these busy times, millions of people look for a bank that can meet all of their financial needs with ease and convenience. Nancy and Ron Barwig (previous page) of Alpharetta, Georgia, rely on Bank of America for a number of services including our Money Manager Account, a combination of banking and investment services. Their sons are Cody, Nick and Brandon. The Barwigs take advantage of Banc of America Investment Services' discount brokerage services for their investing needs. One of our discount brokerage telephone bankers is Miriam Patel, investment specialist (right).

# t bank



in the way of serving clients and customers. Rather, we are building open, horizontal highways so that information and customer solutions can travel freely between organizational structures.”

**In addition, we are providing enhanced service as a reward to customers who bring us more of their business.**

No part of our strategy is more important. Moreover, it also is in direct response to the desires of our customers.

For many years we have provided basically two service levels. One is for wealthy and high-income individuals who want and are willing to pay for the personal services of relationship managers in our Private Bank or Premier Banking unit.

The other level is the primary service we provide to the more than 29 million households who are not Private Bank or Premier Banking customers.

To encourage customers among those 29 million households to expand their business with us, we have introduced two new consumer accounts supported by an enhanced service level. The objective is to provide more value to customers who choose these new products and thus consolidate more of their financial lives with Bank of America. We are offering value for value. We are saying to our customers: “As you bring us more of your loans, deposits and investments, we will reward you with enhanced service, reduced fees and premium rates.”

**This closer partnership between our company and our customers will also produce greater value for our shareholders.**

One of the two unique, value-added accounts is called Advantage, a broad package of products and services featuring lower rates on loans, higher rates on deposits and lower or no fees on many auxiliary services. The other relationship-building product is our Money Manager account, which combines checking, savings and investing. When we serve our Advantage and Money Manager clients, we recognize and reward them for their relationship with us.

Results and trends have been encouraging. In 1999, balances in Money Manager accounts increased by 99 percent over the previous year to \$11.3 billion. On average, a customer opening a Money Manager account brings 20 percent more in balances than he or she had with the bank 30 days earlier. The balance grows another 30 percent in nine months. Investment assets double. Our goal is to achieve future growth through this kind of performance.

**Nothing illustrates the value of bringing our businesses closer together than the potential we see for our Asset Management Group.**

Working with internal partners across the franchise, Bob Shell, president of the Asset Management Group, notes that "our goal is to help all of our customers accumulate, grow and preserve their wealth."

Our Private Bank, serving about 100,000 relationships, provides customized asset management, banking, credit and trust services for high-

net-worth individuals and private foundations. There are another one million customers using other Bank of America products who qualify for private banking services. To take advantage of this opportunity, bankers and client managers throughout our company are making Private Bank and other Asset Management services an integral part of their discussions with clients and customers.

Banc of America Capital Management manages the assets of individuals, corporations, municipalities, foundations and universities, as well as public and private institutions. Building on our considerable strengths, investment management capabilities were integrated last year to provide our clients with investment and service excellence. We work closely with all internal partners and external distributors to enable clients to conveniently access our broad array of competitive products. The Asset Management Group has more than \$247 billion in assets under management. Nations Funds, the bank-advised mutual fund family, has assets totaling over \$81 billion, ranking Banc of America Advisors, Inc. among the top 20 mutual fund managers.

Banc of America Investment Services, Inc. serves the investing needs of our clients and customers by providing both full-service and discount brokerage services to nearly one million accounts. Investment professionals are located throughout the franchise, and our highly rated brokerage web site provides customers a wide array of market analysis, investment research and self-help tools as well as account information and transaction capabilities.

**‘Bank of America has given my company the financial resources and technical assistance to do business better. All this comes with a personal touch.’**



## **Small business banking**

Bank of America serves approximately 1.7 million small businesses (companies with annual sales up to \$10 million). We have a long history of helping businesses start and grow through loans guaranteed by the Small Business Administration. We have pledged to make at least \$180 billion in community development loans to small businesses over the next decade.

William S. Park (right), owner and founder of ABC Sewing Machine Company in Los Angeles, and Sales Manager Jay Park.

# We know

At Bank of America, small business is big business.

Our products and services are highly popular with our customers. The market is profitable. Research shows that our broad customer base holds significant potential for growth. So, in line with one of our major corporate strategies — to put our resources where they count the most — we are boosting our capabilities for this important line of business.

Ninety-five percent of all companies in the United States are classified as small business. These firms employ more people than any other business segment. And, Bank of America is the nation's largest lender to this market, with nearly \$10 billion in loans outstanding.

"We have taken a new look at this highly attractive market and see a great opportunity for growth," says Jim Lientz, president of the Mid-South Banking Group and Small Business champion at Bank of America.

"We have placed great emphasis on information management so we can better understand customer needs. Using that knowledge, we are applying financial, technical and people resources in a way we never have before. This is really an exciting time for our customers."

**One of our great growth opportunities in 2000 is aligning customers so they receive an appropriate level of service.**

Last year our managers went through our list of 1.7 million small business customers and determined that many relationships had grown so much they warranted enhanced service.

Now we are making sure that our 200,000 most valuable customers are assigned Bank of America client managers or small business bankers to work with them on a regular basis. We have identified about 100,000 customers who will be moved into those top two service levels this year.

In addition, another 200,000 businesses have been identified as qualifying for an enhanced level of service, which includes enhanced recognition and problem resolution, assisted call transfers through Telephone Banking and priority service in Telephone Banking and Business Loan centers.

Our other 1.3-million small business customers receive good and reliable baseline service and have the opportunity to receive enhanced service by consolidating more of their business with us.

"Making sure our most valuable customers get sufficient resources allocated to them is an important part of creating deeper relationships," Lientz says. "The personal service we provide will add tremendous value to this customer group."

**We are beginning to offer small businesses a variety of value packages that reward them for the business they place with us.**

Two customized packages, our Advantage and Money Manager accounts, have been successful with consumers. Now we are launching the same kinds of value propositions for business customers. These packages



ABC Sewing Machine Company in Los Angeles looks to Bank of America as a long-term partner for its day-to-day activities and business growth. ABC was founded by William S. Park (above right) in 1980 with three employees. Today, the firm, a wholesaler of industrial sewing machines, has 28 employees. Bank of America Sales Officer Jay Ahn (above left and on opposite page) and Small Business Market Manager James Cooper (at left on opposite page) help bring our company to thousands of small businesses in the vibrant Los Angeles market.

# you



provide lower fees and other benefits for small businesses in return for doing more business with Bank of America.

Brian Foster, Small Business Marketing executive, says these packages have proven effective in helping Bank of America retain its customers as well as increase revenue. For example, customer retention rises to 95 percent or more in Money Manager households.

A new value package for small businesses was introduced in late 1999, featuring special pricing on five business services including full-service brokerage trades through Banc of America Investment Services, Inc., our retail brokerage affiliate. This affiliate can

also provide retirement plan solutions for small business clients.

**As elsewhere, we are working closely across lines of business to constantly expand product and service offerings.**

One product of key importance to many small businesses is the business lease. The average small business actually leases more often than it purchases, including office equipment, vehicles, computer equipment . . . you name it. Late in 1999, Bank of America introduced new equipment and vehicle leasing products to its small business customers across the franchise.

“Now we can show you a lease and a loan at the same time and let you choose the most advantageous,” Lientz says. “These lease products have been welcomed by our customers and help us be their sole financial provider. Our lease services are an important part of our growth strategy.”

Bank of America also is expanding its offering of cash management services to small business customers, and is continuing to evaluate offering them self-service centers. These secure, easily accessible centers have automated features that can be used at any time. Customers can make deposits, get change and use a telephone to talk to one of our bankers, if necessary. We now have 38 of these centers, mostly in Florida.

We also are looking at the feasibility of placing highly trained Small Business specialists in the 20 percent of our banking centers that handle the most small business accounts.

“Small Business banking is a priority for Bank of America,” Lientz says. “Eighty-five percent of our 1.7 million customers are single-service customers. They typically have just a deposit account or a loan.

“So we think there is a significant opportunity to let these customers know the many ways we can meet their needs. It takes resources, and those are being applied as never before. We recognize the opportunity.”

**‘We want a bank that provides global capabilities and the latest technology, while decision-making and service remain local and responsive.’**



## **Middle market banking**

Bank of America provides a wide range of commercial banking services for approximately 32,000 mid-sized businesses (annual revenues from \$10 million to \$500 million), municipalities and not-for-profit organizations. Services include lending, treasury management, investment banking, asset-based finance, risk management, leasing, factoring, international services and personal wealth management.

Anthony Thomas, president and  
chief executive officer of U.S. Cotton

# One-stop

Bank of America has a long and rich history serving middle-market businesses, through our Commercial Banking unit, and we continue to emphasize the fundamental credit and treasury management services these clients require. We are also placing increased emphasis on fee-based solutions which our clients demand to keep them competitive.

Important steps in this direction include the successful introduction of an investment banking unit dedicated exclusively to the middle market and increased emphasis on the treasury management services so highly valued by clients.

These courses of action benefit both our clients and your company. They give middle-market companies the products they want and help us better manage credit risk by further diversifying our revenue stream.

Although lending continues to rise, Investment Banking and Treasury Management fees are an increasingly larger part of Commercial Banking total revenue. Investment Banking fees rose to 15 percent of total revenue in 1999, up from just 3 percent in 1998. Treasury Management fees increased to 45 percent of total revenue in 1999 from 38 percent in 1998.

**The new Middle Market Investment Banking team is a perfect example of the product and service integration taking place throughout Bank of America.**

Doug Bowers, Commercial Banking champion, says “there are a multitude of untapped opportunities” for investment

banking expansion because all forms of public and private capital raising, as well as advisory services, have become key financial strategies for many middle-market businesses.

Middle Market Investment Banking was launched in 1998. In December 1999, further steps were taken to strengthen and integrate this business and two others that support middle-market clients: Treasury Management and Commercial Finance.

Graham Denton, responsible for integrating these businesses, says the goal is “to make our delivery of products and services more uniform and consistent throughout our market. The changes we’ve made will reward our clients with a higher level of service and align our associates to create greater client solutions.

“We have long-standing relationships with our 32,000 Commercial Banking clients and we want them coming to Bank of America for investment banking, treasury management, credit and other key services. Establishing the Middle Market Investment Banking unit and strengthening these other businesses is a logical extension of our relationship with them,” Denton says.

The Investment Banking team is composed of more than 60 Corporate Finance generalists and 145 product specialists dedicated solely to the middle market. In 1999, they completed about \$2.5 billion in mergers and acquisitions, which makes Bank of America the nation’s leading M&A provider for this market. The Investment Banking team



U.S. Cotton, LLC, a fast-growing manufacturer of cotton health and beauty products, relies on Bank of America to support its growth strategy as well as its operating requirements. Bank of America has provided financing to U.S. Cotton for plant expansion, equipment purchases, acquisitions and working capital. U.S. Cotton and its president and chief executive officer, Anthony Thomas (previous page and above), also look to Bank of America for foreign exchange, interest rate swaps, treasury management, desktop banking services and personal banking for

# shopping



employees. U.S. Cotton is a New Mexico-based manufacturer of Swisspers® branded and private-label cotton pads, balls and swabs, selling around the globe. The company also has facilities in Charlotte, North Carolina, and Chile. Revenues have quadrupled since 1995. Nancy Madigan, Bank of America client manager, observes cotton processing (opposite) with Thomas and meets above with a member of the Commercial Banking team serving U.S. Cotton, Treasury Management Officer Jan Mitchell.

also completed \$2 billion in fixed-income securities and \$20 billion in syndicated loan facilities.

The Commercial Banking team consists of more than 3,000 associates. They have established banking relationships with three out of every 10 middle market companies and have made us the lead bank for two out of every three of our clients.

**There is more business integration ahead. We are making it easier for clients to have access to Private Bank, Premier Banking and other financial resources.**

“Our client managers now have a range of capabilities unlike anything they have ever seen, and unlike anything

our clients have ever seen,” says Bowers.

“We provide capital solutions, and these come in all forms. We provide cash flow solutions through our Treasury Management services. More and more we are emphasizing personal solutions as well, both for business owners and their employees.

“This is another important point: From coast to coast we live and work in the same communities as our clients, so we are determined to be a good consumer bank as well as a good commercial bank. This is another example of what our company means by integrating our lines of business.”

**Bank of America has realigned Commercial Banking resources, from client contact to loan processing, to give clients a faster, more personal banking experience.**

The more time spent face-to-face with clients the better. To increase these precious minutes we have reorganized our entire client team and support structure.

Five credit centers have been built, with two more coming this year, so we can bring together many loan production tasks and put them in the hands of experienced specialists. These new centers increase the speed and efficiency of processing loans for our clients. Just as important, these improvements are giving client managers more time in the marketplace to know clients and represent the many Bank of America capabilities.

In the past, client managers had to spend part of their day on product details and other administrative tasks. They were able to spend less than 30 percent of their time with clients. Now they are increasingly free from day-to-day credit underwriting details and can spend more time in direct contact with clients. The objective is to increase client contact time to 70 percent.

**Treasury Management services are critically important to the middle market, just as they are to the large corporate market.**

Demand for Treasury Management services is high among middle-market companies and there is substantial opportunity for growth with existing clients.

Our Treasury Management unit helps middle-market companies, institutions and government agencies manage payments, receivables and other aspects of their financial operations. Growth opportunities abound.

One is an Internet service called Bank of America Direct. Already popular with commercial and corporate clients, this service allows businesses to connect to their accounts and banking tools over the Internet. At year-end 1999, about 1,000 middle-market and 1,000 corporate clients were using the service. Two years from now the number of middle-market users is expected to reach 10,000 to 15,000.

“One of our strategic imperatives is to continue to maximize Commercial Banking’s coast-to-coast advantage,” says Regina Liang Chun, who leads a new nationwide Treasury Management function. “Treasury Management, with its growing high-tech capabilities, is critical to that strategy.”

More than half of the 32,000 businesses served by our Commercial Banking unit have operations in more than one state, giving the coast-to-coast franchise of Bank of America a strong competitive advantage in this market. Bank of America is the leading provider of middle-market financial services in California, Texas, Florida and 10 other states.

**‘Bank of America has been a consistent and long-term partner and has played an integral role in our company’s growth.’**



## **Corporate banking**

Global Corporate & Investment Banking offers clients a comprehensive range of global capabilities, raising capital in markets around the world and providing strategic advisory services, comprehensive risk management solutions, global treasury management and trade finance services to corporations with revenues in excess of \$500 million.

Kevin Kalkhoven, chief executive officer of JDS Uniphase Corporation at company offices in San Jose, California.

# A new sta

As the world moved toward a more unified global market for financial services, Bank of America focused its 1999 efforts on creating a new kind of organization that will set the standard in corporate banking and investment banking by effectively integrating these two activities.

This integration will marry the many strengths of a powerful banking company with the far reaching, innovative capabilities of investment banking and product specialists. By doing this successfully, we will bring our targeted clients — both issuers and investors — ideas that will set us apart from the competition.

**This new approach builds on the already impressive franchise created by Bank of America.**

We have more lead relationships with large corporate clients than any other U.S. bank and serve a wide base of institutional investor clients. Our special focus is on U.S. corporations, multinationals, large regional companies around the globe and investors that benefit from our broad capabilities and reach.

Our objective is to thoroughly understand each client's business needs and provide differentiated service by delivering tailored financial solutions.

Explains Mike Murray, president of Global Corporate & Investment Banking: "We are building a culture that will work effectively for clients. It is clear that business needs have become far more complex and sophisticated in recent years — to the

point where it is very challenging for a single individual to deliver all of the bank's products, services and expertise."

To address this issue, Bank of America has focused delivery of products and solutions through client teams. Each team is led by a single banker and includes experienced professionals with skills carefully chosen to meet the specific needs of the client.

"I firmly believe the most important organizational unit in Bank of America today has nothing to do with organization charts; it is the client team," says Murray. "By ensuring that each team is as good as it can be — and we intend to do just that — we will have a huge sustainable competitive advantage."

The team serves a dual purpose. First, it is an effective vehicle for communicating and coordinating with our clients and among the team members. Second, it facilitates the process of developing innovative, effective financial solutions. Rather than depending on one person to develop these solutions for clients, the team allows us to leverage the skills, knowledge and experience of all team members. This enables us to analyze problems thoroughly and develop tailored solutions for our clients' needs.

"Business is so competitive today that we must be absolutely first class in client work," says Murray. "We must also have absolutely first-class products, and we must be very adept at putting the two together to create valuable solutions for our clients."



Banc of America Securities has been the primary investment banker for fast-growing JDS Uniphase Corporation of Ottawa, Canada, and San Jose, California. Banc of America Securities served as the company's lead manager on its 1995 and 1996 equity financings and as co-lead manager on the company's \$950-million equity financing in 1999. Banc of America Securities also served as financial advisor to JDS Uniphase in its pending acquisition of Optical Coating Laboratories. Chief Executive Officer Kevin Kalkhoven (second from left) meets with members of the

# ndard



Bank of America team serving his company: (from left) Chris Crespi, managing director, Research Technology; Scott Kovalik, managing director of Listed and OTC Equity Trading, and Debra Weiss, managing director, Technology Corporate Finance. At right is Debra Weiss and Hubert W. Chang, analyst with Banc of America Securities. JDS Uniphase is the leading provider of advanced fiberoptic components and modules to telecommunications and cable television system providers around the world.

**Bank of America has become one of the leading financial services competitors due to our leading U.S. client base, industry expertise, broad range of products and presence in 37 countries.**

The bank's industry expertise is broad and deep, covering more than two dozen industries basic to the U.S. and global economy, including technology, aerospace and defense, health care, real estate, chemicals, entertainment/publishing and media/telecommunications. Supporting these efforts is a research team of 125 debt and equity analysts, many of them nationally recognized.

We continued to enhance our product capabilities during 1999, with the addition of top-tier mergers

and acquisitions professionals. We are already among the leaders in a range of corporate and investment banking products, including debt and equity capital raising, principal investing, foreign exchange, derivatives, trade services and treasury services.

Our position in the markets speaks volumes about our capabilities (see next page).

**Our focus benefits clients and shareholders.**

Primary focus on the client and solutions requires that we align all of our resources with the client. This focus and alignment will benefit both clients and shareholders.

Our objective is to understand our clients' issues and use our product knowledge and capability to develop and execute the appropriate tailored client solution, a real plus for the client. In turn, this solution and execution expertise will enable us to deepen and broaden our client relationships, or as others may say, to become the preferred financial advisor. This status allows our business to grow and expand, benefiting our shareholders.

**Some representative transactions in 1999 reflected our ability to deliver the value of our vast range of resources for clients.**

In 1999, we were financial advisors to EOG Resources, one of the largest independent oil and gas producers in the country and 53 percent owned by Enron Corporation. When Enron decided to sell its interest in EOG, we acted as advisors to EOG and helped them structure the financial package used to purchase Enron's shares. In addition, we underwrote a \$1.3 billion credit facility and were joint lead manager on a secondary offering of 34 million shares. This \$790 million sale was the largest common stock offering ever made by an independent oil and gas company.

For Stater Brothers, a supermarket chain in Southern California, we financed the purchase of additional stores. Having

provided financial solutions to this client for more than 20 years, we called together a client team to develop a financing proposal. This team, which included members from Commercial Banking, Middle Market Investment Banking and Banc of America Securities, decided that the best alternative was a high yield debt offering. We were the sole lead manager on a \$450 million offering for this client.

Teamwork was especially important when we were chosen as the exclusive financial advisor to a group of investors who acquired the Lone Cypress Company, owner of the legendary Pebble Beach golf resort in California. Demonstrating our ability to offer one-stop shopping, we provided merger and acquisition advisory services and developed a winning financing structure that included debt, equity and the involvement of many areas of the bank.

These transactions not only illustrate the solution capabilities we brought to the issuers, they also demonstrate our ability to meet the needs of the investors who purchased the securities financing the transactions.

"The objective of our client teams — whether working with fast-growing startups, the largest multinational or the institutional investor — is to provide the kind of insight and resources that will help our clients win in the marketplace," says Murray.

## Capabilities

### Debt Capital Raising

- Syndicated Finance: #1 in number of deals.
- Commercial Paper: #1 in commercial bank-affiliated dealer in number of programs.
- Project Finance: #3 in global lead-managed transactions.
- High-Grade Securities: #4 in lead and co-managed transactions.
- Asset-Backed Securities: #6 in lead and co-managed transactions.
- High-Yield Securities: #10 in lead-managed transactions.

### Equity Capital Raising and Advisory

- Equity Underwriting: Completed 94 transactions totaling \$23 billion.
- Equity Trading: #9 in trading volume of listed and Nasdaq shares.
- Equity Derivatives: Market leader in equity derivative products.
- Merger & Acquisition Advisory: Completed more than 100 transactions with total value exceeding \$20 billion. #1 real estate, lodging and gaming M&A advisor.

### Risk Management

- Foreign Exchange: #1 foreign exchange bank to major U.S. corporations. Market maker in more than 90 currencies in established and emerging markets.
- Derivatives: #1 in interest rate products; #2 overall derivatives provider to U.S. corporations.

### Treasury Management

- Cash Management: #1 provider of services to large U.S. corporations and middle market companies; named one of the "Ten Masters of Electronic Delivery" by Future Banker.
- Trade Services: Leading provider to large U.S. corporations and middle market companies.

**‘I want the option of the Internet experience, but I also want all the other advantages and responsiveness of a full-service bank.’**



## **Online services**

Bank of America is the leading provider of online banking services in the United States, with about 2 million retail customers, more than 20,000 small business customers and more than 1,500 commercial and corporate clients doing business online. More important, we are using the Internet and its enabling technology to create a better, faster, easier banking and investing experience for customers and clients through every delivery channel.

# e-everythi

Ask most people what they want out of their banking relationship, and they will talk about choice, convenience, service and flexibility — not technology.

Where do you want your bank to be? *At home, at work, in the grocery store, on the beach, inside my Palm™ organizer or my laptop. Wherever I am.*

How do you want to interact with your bank? *By phone, online, in person, at an ATM, through the mail.*

What hours would you like your bank to be open? *24-7. All the time.*

The Internet — and, just as important, the digital technology that makes the Internet possible — is a tool that helps us provide more of what our customers and clients want. We are using the Internet to give customers and clients more options and better ones, not simply a new single-channel banking service.

**Today's online consumer and small business customers at Bank of America will find industrial-strength capacity and capabilities behind their computer screens.**

This competence is the result of a decade-long effort to build a flexible infrastructure that provides consistent, reliable information across a range of convenient channels.

Today, our retail customers can apply online for almost any banking product, including checking and savings accounts, CDs, IRAs, mortgages, credit or debit cards, and auto loans. They can access account information, transfer funds and pay bills day or night.

Our customers also have online access to Banc of America Investment Services, which offers a broad spectrum of investment products including stocks,

bonds and mutual funds. Our online investment offering is supported by research tools and resources that enable customers to make informed investment decisions, and also to integrate their banking and investing activities. Today, more than half of all our customers' self-directed trades are conducted online.

Our leading small business Web site enables our customers to set up their own Internet storefront, establish online payment methods, find low-cost sales and marketing services, obtain good deals on products and services, as well as conduct their banking and apply for credit online. With a small business customer base of more than 1.7 million, we expect to continue to be the leading provider of online financial and business services to American small business in the future.

While our customers are rapidly adopting the Internet as a channel for doing business, most of them still value the convenience of using multiple channels, including telephones, ATMs and banking centers. That is why we are in the process of wiring our delivery channels with Internet protocols, which will give customers access to the same personalized, multi-product, service-rich experience regardless of where they are.

For example, future Bank of America customers will be able to make a request — a copy of a check, perhaps, or notification of a drop in mortgage interest rates — and have that request fulfilled across the spectrum of delivery channels in real time. The next time the customer logs on, calls in or visits an ATM or a banking center, the fulfillment of the request — the check image, the mortgage



Every month Bank of America adds 100,000 new online banking customers and processes 2.6-million online bill payments. We also are continuing to expand Internet capabilities for thousands of business and corporate clients.

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application, the stock quote or, perhaps, the symphony tickets — will be waiting.

**We're creating new value for commercial and corporate clients.**

It would be easy to view the Internet simply as a new distribution channel for traditional products and services. But networking technology inherent in the Internet presents endless opportunities to create value for customers and clients through innovation.

Our Internet solutions for large companies begin with Bank of America Direct, our full-service, Web-based transaction and information network. While this network today primarily handles treasury management functions for

our corporate and commercial clients, we are building enhancements that will enable them to conduct all of their working capital activities directly over the Internet. Today, we've integrated our coast-to-coast imaging capabilities for wholesale lockbox with Bank of America Direct giving our clients secure, encrypted access to images of checks and remittance documents via the Internet. Our clients also can initiate foreign currency wires and drafts through Bank of America Direct to make multi-currency payments to overseas suppliers or employees.

Moreover, Bank of America Direct provides our clients the most advanced security available on the Internet. Bank

of America Direct represents the industry's first large-scale corporate banking implementation of digital certificate technology, and we continue to lead the industry with more than 6,000 corporate individuals holding Bank of America digital certificates.

As important as the Internet is as a secure channel through which to conduct business, it is equally important as a highly efficient medium through which to share new ideas, solutions and tools with our clients.

Today, our Global Markets Group gives our clients ready access to Internet-based research, information reporting, portfolio management and trading execution as well as access to advice regarding hedging and risk management strategies. We also offer online analytics to assist our clients in evaluating new opportunities.

Bank of America leads the industry in providing online equity research, with more than 18,000 clients accessing Bank of America research through our Web site. This is in addition to our foreign exchange, derivatives and macro-economic research also available through the Web.

Enabling our clients to do business over the Internet they once did by mail is a fast, obvious way to cut costs and create value for them and for us. But we do not stop there. Our bankers, technologists and marketing professionals are constantly working together to develop new ways to use this medium to offer clients better ideas, solutions and advice specific to their business needs.

**Today, winning companies are operating within a web of partnerships that multiply opportunities to serve customers with new products and services.**

Bank of America has established a number of relationships that are steadily expanding our customers' and clients'

ability to operate in cyberspace.

We have established marketing partnerships with a number of online companies including Yahoo! and America Online. We are continuing to build customer solutions through our strategic partnerships with Checkfree and National Financial Services. We have invested in a number of technology enterprises including Signio, Identrus, 724 Solutions and E-Loan.

Our investments in the Internet will pay off for investors with both increased revenues and reduced costs. Revenues will grow as customers and clients consolidate their relationships with us and take advantage of new and innovative offerings. At the same time costs will shrink as our customers shift more and more of their banking and investing activities to the lower-cost Internet channel.

**Bank of America is building the digi-brick institution — combining the best of both worlds to offer customers financial services when, how and where they want them.**

The Internet is overflowing with new players and new ideas about how to give customers what they want. It seems hard to know which strategies and business models will be winners and which will not.

Keeping our eyes on our customers and clients has helped. It sells the technology short to think of the Internet as a gimmick to lure customers, or even as a cheap storefront through which one can move goods quickly and efficiently. Those who create new and valuable uses for the Internet and who execute the integrated, end-to-end processes connecting people and information — across multiple products and channels — will win with customers and clients.

This is the Bank of America Internet strategy.

#### Awards

- Smart Money named our Money Manager product the best bank asset management account, in part because of its multichannel capabilities.
- Bank of America was recognized as one of 10 "Masters of Electronic Delivery" in 1998 and 1999 by Future Banker.
- PC Week named Bank of America top technology innovator among banks for 1999.
- Bank of America was named one of the top five North American banks for Internet capabilities by the Lafferty Group, a business research firm based in London.

#### Solid Trends

Since January 1999 at Bank of America:

- The dollar value of loans booked each month over the Internet is up 85 percent.
- Asset account applications over the Internet are up 50 percent.
- Corporate client use of Bank of America Direct continues to reflect double-digit growth over a two-year horizon.

# Operating earnings increase 27 percent to \$8.2 billion in 1999

Operating earnings for Bank of America increased 27 percent in 1999 to \$8.2 billion from \$6.5 billion in 1998. Earnings per common share (diluted) rose 29 percent to \$4.68 from \$3.64 a year earlier.

The significant improvement was achieved through a 6 percent increase in revenues to \$32.5 billion, led by advances in the company's fee-based businesses, and a 4 percent reduction in expenses.

## Net income

Including merger-related charges, net income was up 53 percent to \$7.9 billion, or \$4.48 per common share (diluted), from \$5.2 billion, or \$2.90 per common share (diluted), a year ago.

## Revenues

Noninterest income rose 15 percent to \$14.07 billion. Significant improvements were recorded in trading, deposit services, investment banking, card services and mortgage banking.

Taxable-equivalent net interest income was essentially unchanged at \$18.5 billion. A 9 percent increase in average managed loans as well as core deposit growth was offset by securitizations, loan sales and spread compression. The net yield on earning assets declined 22 basis points to 3.47 percent.

## Expenses

Noninterest expense was reduced 4 percent, reflecting cost savings from recent mergers. The efficiency ratio was 55 percent, a significant improvement from 61 percent a year earlier.

## Credit Quality

The provision for credit losses totaled \$1.82 billion in 1999, down from \$2.92 billion in 1998. Net charge-offs also fell to \$2.00 billion from \$2.47 billion a year earlier. Nonperforming assets at the end of the year were \$3.20 billion, up from \$2.76 billion a year ago.

## Capital

Total shareholders' equity was \$44.4 billion at December 31, 1999, representing 7.02 percent of period-end assets. The Tier 1 capital ratio rose to 7.35 percent from 7.06 percent a year earlier.

# Consolidated statement of income

## Bank of America Corporation and Subsidiaries

(Dollars in millions, except per share information)

	Year ended December 31		
	1999	1998	1997
<b>Interest income</b>			
Interest and fees on loans and leases	\$27,569	\$28,331	\$29,085
Interest and dividends on securities	4,826	4,502	3,283
Federal funds sold and securities purchased under agreements to resell	1,666	1,828	1,516
Trading account assets	2,087	2,626	2,582
Other interest income	1,175	1,301	867
Total interest income	37,323	38,588	37,333
<b>Interest expense</b>			
Deposits	9,002	10,811	10,684
Short-term borrowings	5,826	5,239	4,105
Trading account liabilities	658	895	975
Long-term debt	3,600	3,345	3,137
Total interest expense	19,086	20,290	18,901
<b>Net interest income</b>	<b>18,237</b>	<b>18,298</b>	<b>18,432</b>
<b>Provision for credit losses</b>	<b>1,820</b>	<b>2,920</b>	<b>1,904</b>
<b>Net interest income after provision for credit losses</b>	<b>16,417</b>	<b>15,378</b>	<b>16,528</b>
<b>Gains on sales of securities</b>	<b>240</b>	<b>1,017</b>	<b>271</b>
<b>Noninterest income</b>			
Service charges on deposit accounts	3,645	3,396	3,373
Mortgage servicing income	673	389	543
Investment banking income	2,244	2,009	1,476
Trading account profits and fees	1,495	171	976
Brokerage income	724	728	355
Nondeposit-related service fees	554	652	680
Asset management and fiduciary service fees	1,023	973	990
Credit card income	1,791	1,448	1,231
Other income	1,920	2,423	2,132
Total noninterest income	14,069	12,189	11,756
<b>Merger-related charges, net</b>	<b>525</b>	<b>1,795</b>	<b>374</b>
<b>Other noninterest expense</b>			
Personnel	9,308	9,412	8,703
Occupancy	1,627	1,643	1,576
Equipment	1,346	1,404	1,408
Marketing	537	581	655
Professional fees	630	843	763
Amortization of intangibles	888	902	855
Data processing	763	765	626
Telecommunications	549	563	491
Other general operating	1,820	2,044	2,059
General administrative and other	518	584	489
Total other noninterest expense	17,986	18,741	17,625
<b>Income before income taxes</b>	<b>12,215</b>	<b>8,048</b>	<b>10,556</b>
<b>Income tax expense</b>	<b>4,333</b>	<b>2,883</b>	<b>4,014</b>
<b>Net income</b>	<b>\$ 7,882</b>	<b>\$ 5,165</b>	<b>\$ 6,542</b>
<b>Net income available to common shareholders</b>	<b>\$ 7,876</b>	<b>\$ 5,140</b>	<b>\$ 6,431</b>
<b>Per share information<sup>(1)</sup></b>			
Earnings per common share	\$ 4.56	\$ 2.97	\$ 3.71
Diluted earnings per common share	\$ 4.48	\$ 2.90	\$ 3.61
Dividends per common share	\$ 1.85	\$ 1.59	\$ 1.37
<b>Average common shares issued and outstanding (in thousands)<sup>(1)</sup></b>	<b>1,726,006</b>	<b>1,732,057</b>	<b>1,733,194</b>

(1) Share and per share data reflect a 2-for-1 stock split on February 27, 1997.

Refer to the Bank of America Corporation 1999 Annual Report on Form 10-K for a complete set of consolidated financial statements.

# Consolidated balance sheet

## Bank of America Corporation and Subsidiaries

(Dollars in millions)

	December 31	
	1999	1998
<b>Assets</b>		
Cash and cash equivalents	\$ 26,989	\$ 28,277
Time deposits placed and other short-term investments	4,838	6,750
Federal funds sold and securities purchased under agreements to resell	37,928	27,146
Trading account assets	38,460	39,602
Securities:		
Available-for-sale	81,647	78,590
Held-for-investment, at cost (market value - \$1,270 and \$1,853)	1,422	1,997
Total securities	83,069	80,587
Loans and leases	370,662	357,328
Allowance for credit losses	(6,828)	(7,122)
Loans and leases, net of allowance for credit losses	363,834	350,206
Premises and equipment, net	6,713	7,289
Customers' acceptance liability	1,869	2,671
Derivative-dealer assets	16,055	16,400
Interest receivable	3,777	3,734
Mortgage servicing rights	4,093	2,376
Goodwill	12,262	12,695
Core deposits and other intangibles	1,730	2,013
Other assets	30,957	37,933
<b>Total assets</b>	<b>\$632,574</b>	<b>\$617,679</b>
<b>Liabilities</b>		
Deposits in domestic offices:		
Noninterest-bearing	\$ 93,476	\$ 92,623
Interest-bearing	207,048	203,644
Deposits in foreign offices:		
Noninterest-bearing	1,993	1,713
Interest-bearing	44,756	59,280
Total deposits	347,273	357,260
Federal funds purchased and securities sold under agreements to repurchase	74,561	67,543
Trading account liabilities	20,958	14,170
Derivative-dealer liabilities	16,200	16,835
Commercial paper	7,331	6,749
Other short-term borrowings	40,340	24,742
Acceptances outstanding	1,869	2,671
Accrued expenses and other liabilities	19,169	30,929
Long-term debt	55,486	45,888
Trust preferred securities	4,955	4,954
<b>Total liabilities</b>	<b>588,142</b>	<b>571,741</b>
<b>Shareholders' equity</b>		
Preferred stock, \$0.01 par value; authorized - 100,000,000 shares; issued and outstanding - 1,797,702 shares and 1,952,039 shares	77	83
Common stock, \$0.01 par value; authorized - 5,000,000,000 shares; issued and outstanding - 1,677,273,267 shares and 1,724,484,305 shares	11,671	14,837
Retained earnings	35,681	30,998
Accumulated other comprehensive income (loss)	(2,658)	152
Other	(339)	(132)
<b>Total shareholders' equity</b>	<b>44,432</b>	<b>45,938</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$632,574</b>	<b>\$617,679</b>

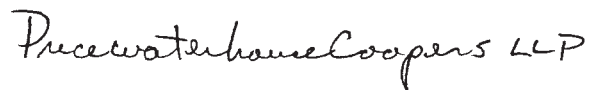
Refer to the Bank of America Corporation 1999 Annual Report on Form 10-K for a complete set of consolidated financial statements.

# Report of independent accountants

To the Board of Directors and Shareholders of  
Bank of America Corporation

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Bank of America Corporation and its subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, of changes in shareholders' equity and of cash flows for each of the three years then ended (not presented herein); and in our report dated January 13, 2000, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.



Charlotte, North Carolina  
January 13, 2000

## Products and services

### Consumers

Products and services are delivered through 4,700 banking centers, 100 private banking offices and 14,000 ATMs, which serve 30 million households in 21 states, the District of Columbia and Hong Kong, as well as through telephone and online channels.

**Deposit Products** Checking, money market, savings accounts, time deposits and IRAs.

**Consumer Finance** Home equity, personal, auto and student loans and auto leasing.

**Mortgage Banking** Home loans for one- to four-unit residential properties.

**Card Services** Consumer credit cards, check cards, ATM cards and smart cards (stored value cards).

**Community Investment** Affordable housing initiatives, economic development and related consumer lending activities in underserved communities.

**Premier Banking** Dedicated client manager and extra banking privileges for preferred clients.

**Private Banking** Investment management, personal trust, tax and estate planning, advisory services, customized lending and banking for high-net-worth customers.

**Brokerage** Full-service and discount brokerage services which provide access to a wide range of non-FDIC-insured investments, including stocks, bonds, fixed-income securities, mutual funds, annuities and asset management sweep accounts.

**Insurance Products** Credit-related insurance products and access to personal life insurance.

**Military Banking** Financial products and services for U.S. military personnel worldwide.

## Small businesses

Services delivered to small businesses through 4,700 banking centers and 14,000 ATMs, which serve two million small businesses in 21 states and the District of Columbia; and through telephone and online channels.

**Treasury Management** Checking, money market accounts, sweeps and treasury management services.

**Credit Services** Term loans, lines of credit, working capital financing, vehicle and equipment financing, leasing and factoring, and real estate loans.

**Community Investment** Conventional and government-assisted loans, as well as investments in small business investment corporations, minority business venture capital funds and other products.

**Card Services** Merchant services, bank cards and commercial credit cards.

**E-Commerce** Online shopping, ordering, and payment authorization and settlement services for retailers.

**Brokerage** Full-service and discount brokerage services which provide access to a wide range of non-FDIC-insured investments, including stocks, bonds, fixed-income securities, mutual funds and asset management sweep accounts.

## Middle market businesses

Commercial Banking delivers a full spectrum of financial capabilities and expertise to mid-sized public and private businesses, municipalities and non-profit organizations with annual revenues between \$10 million and \$500 million. More than 3,000 associates are dedicated to serving this client segment across 21 states and the District of Columbia. Service is also available through alternate channels such as the telephone via our commercial service center and the Internet by accessing Bank of America Direct.

**Debt Capabilities** Senior bank financing through revolving lines of credit, term loans, asset-based financing and factoring for: working capital; equipment; real estate; mergers and acquisitions; and any other capital requirements.

**Treasury Management and Investment Solutions** Account reconciliation, electronic transfers using the automated clearinghouse system, electronic payroll products, controlled disbursement, demand deposit accounts, electronic tax payments, lockbox, commercial card services, wire transfers and investment solutions, such as automated overnight investments (sweep) and direct investments.

**Investment Banking/Capital Markets** Includes the full range of Equity and Advisory, Global Debt Products and Global Fixed Income listed under products for domestic and international corporations in the next column.

**International** Import and export letters of credit, international documentary collections, foreign exchange, banker's acceptances, and government assistance programs, such as pre-export working capital and other forms of export finance.

**Leasing** Syndicated lease financing, lease advisory services, tax-exempt leases for municipalities and non-profit corporations, and the full range of tax and non-tax lease structures.

**Commercial Finance** Secured leveraged lending and structured finance products for clients whose needs cannot be met through traditional bank products.

**Personal Finance Solutions** Investment management, personal trust services, tax and estate planning, advisory services, customized lending and banking for business owners and executives.

## Domestic and international corporations, financial institutions, and government entities

Clients are supported through a global network of offices in 37 countries providing worldwide access to a comprehensive array of products and services. We deliver specialized industry expertise to the following sectors: aerospace and defense, apparel, automotive and transportation, business services, construction and engineering, consumer products and services, entertainment and media, financial services (finance companies, financial institutions, insurance and money managers, leasing and rental companies, and securities and commodities), food, healthcare, natural resources (chemicals, energy, forest products, utilities), real estate, retail, sports, technology, and telecommunications.

**Equity and Advisory** Equity underwriting, mergers and acquisition advisory and financing, equity derivatives, institutional sales, trading and market-making, research, prime brokerage, clearing and private client services.

**Global Debt Products** Corporate lending and syndicated finance, credit advisory and liability management, structured credit products, commercial paper, asset securitization, project finance, leasing and private placements.

**Global Fixed Income** Underwriting, sales, trading and research of high yield, investment grade, crossover and emerging market debt securities; capital markets services; structured credit products and mortgage-backed securities.

**Global Markets** Global foreign exchange, global derivative products, municipal and government securities, emerging markets sovereign trading, global markets/financial research.

**Global Treasury and Trade Services** U.S. and international treasury management and trade services capabilities. Full range of traditional and electronic (including Internet-based) payments, receipts and treasury solutions. Largest U.S. interstate depository network; global presence in more than 35 countries.

**Real Estate** Originating, structuring, and underwriting services for developers, investors, funds, operating companies, homebuilders, REITs, mortgage banking companies, lodging companies and real estate companies.

**Principal Investing** Direct and indirect private equity investments in a broad array of industries.

**Institutional Investment Management** Investment advisory and management services for institutional clients.

## Principal Officers

**Hugh L. McColl Jr.**  
Chairman and  
Chief Executive Officer

**Kenneth D. Lewis**  
President and  
Chief Operating Officer

**James H. Hance Jr.**  
Vice Chairman and  
Chief Financial Officer

**Michael J. Murray**  
President, Global Corporate  
& Investment Banking

**F. William Vandiver Jr.**  
Corporate Risk Management  
Executive

## Board of Directors

**Charles W. Coker**  
Chairman  
Sonoco Products Company  
Hartsville, South Carolina

**Timm F. Crull**  
Retired Chairman and  
Chief Executive Officer  
Nestle USA, Inc.  
Glendale, California

**Alan T. Dickson**  
Chairman  
Ruddick Corporation  
Charlotte, North Carolina

**Kathleen Feldstein**  
President  
Economic Studies Inc.  
Belmont, Massachusetts

**Paul Fulton**  
Chairman and  
Chief Executive Officer  
Bassett Furniture Industries Inc.  
Winston-Salem, North Carolina

**Donald E. Guinn**  
Chairman Emeritus  
Pacific Telesis Group  
San Francisco, California

**James H. Hance Jr.**  
Vice Chairman and  
Chief Financial Officer  
Bank of America Corporation  
Charlotte, North Carolina

**C. Ray Holman**  
Chairman and  
Chief Executive Officer  
Mallinckrodt Inc.  
St. Louis, Missouri

**W. W. Johnson**  
Chairman of the  
Executive Committee  
Bank of America Corporation  
Charlotte, North Carolina

**Kenneth D. Lewis**  
President and  
Chief Operating Officer  
Bank of America Corporation  
Charlotte, North Carolina

**Walter E. Massey**  
President  
Morehouse College  
Atlanta, Georgia

**Hugh L. McColl Jr.**  
Chairman and  
Chief Executive Officer  
Bank of America Corporation  
Charlotte, North Carolina

**Richard M. Rosenberg**  
Retired Chairman and  
Chief Executive Officer  
Former BankAmerica Corporation  
San Francisco, California

**O. Temple Sloan Jr.**  
Chairman and  
Chief Executive Officer  
General Parts Inc.  
Raleigh, North Carolina

**Meredith R. Spangler**  
Trustee and Board Member  
Charlotte, North Carolina

**Ronald Townsend**  
Communications Consultant  
Jacksonville, Florida

**Solomon D. Trujillo**  
Chairman, President and  
Chief Executive Officer  
U S WEST  
Denver, Colorado

**Jackie M. Ward**  
President and  
Chief Executive Officer  
Computer Generation Incorporated  
Atlanta, Georgia

**Virgil R. Williams**  
Chairman and  
Chief Executive Officer  
Williams Group International, Inc.  
Stone Mountain, Georgia

**Shirley Young**  
Vice President  
General Motors Corporation  
Detroit, Michigan

# Corporate information

## Shareholders

Bank of America Corporation (the corporation) common stock is listed on the New York Stock Exchange and the Pacific Stock Exchange under the symbol BAC. The corporation's common stock is also listed on the London Stock Exchange, and certain shares are listed on the Tokyo Stock Exchange. The stock is typically listed as BankAm in newspapers.

The corporation's annual meeting of shareholders will be held at 10:00 a.m. on Tuesday, April 25, 2000, at the North Carolina Blumenthal Performing Arts Center, 130 North Tryon Street, Charlotte, North Carolina.

Shareholders seeking general information regarding the corporation's stock should contact Jane Smith, manager of shareholder relations, at 1.800.521.3984.

For shareholder inquiries concerning dividend checks, the SharesDirect dividend reinvestment plan, electronic deposit of dividends, tax information, transferring ownership, address changes or lost or stolen stock certificates, please contact ChaseMellon Shareholder Services L.L.C., P.O. Box 3315, South Hackensack, NJ 07606-1915, phone 1.800.642.9855. ChaseMellon's web site is [www.chasemellon.com](http://www.chasemellon.com).

Analysts, portfolio managers, and other investors seeking additional information about the corporation should contact Susan Carr, investor relations executive, at 1.704.386.8059, or Kevin Stitt, director of investor relations, at 1.704.386.5667.

Visit the Investor Relations area of the Bank of America web site for stock and dividend information, financial news releases, links to Bank of America SEC filings, and other material of interest to the corporation's shareholders. To reach the Investor Relations area, go to [www.bankofamerica.com](http://www.bankofamerica.com) and choose Investor Relations from the Inside Bank of America pull-down menu.

## Customers

Customers seeking assistance with Bank of America products and services should call 1.800.900.9000.

Information on Bank of America products and services can be found on the Bank of America web site at [www.bankofamerica.com](http://www.bankofamerica.com).

## News media

News media representatives seeking information should visit the Newsroom area of the Bank of America web site for news releases, speeches and other material relating to the company. This site also contains a complete list of the company's media relations specialists grouped by business speciality or geography. To reach the Newsroom area, go to [www.bankofamerica.com](http://www.bankofamerica.com) and choose Newsroom from the Inside Bank of America pull-down menu.

News media seeking general information can also contact Scott Scredon, national public relations manager, at 1.404.607.5225. News media seeking financial information can contact Robert Stickler, manager of financial communications, at 1.704.386.8465.